The Manitoba Habitat Heritage Corporation

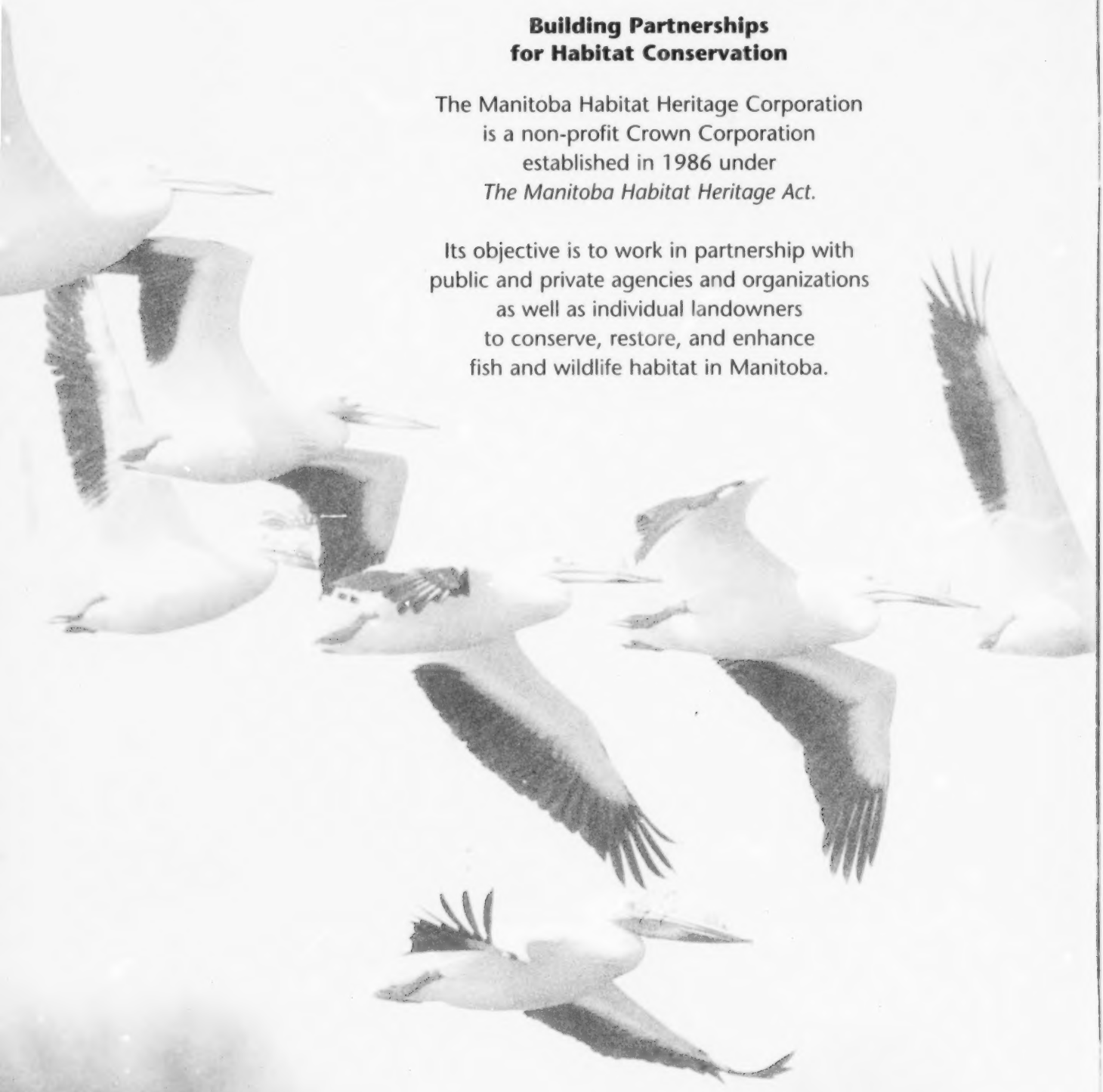
ANNUAL REPORT 2002/2003

Manitoba

Building Partnerships
for Habitat Conservation

The Manitoba Habitat Heritage Corporation
is a non-profit Crown Corporation
established in 1986 under
The Manitoba Habitat Heritage Act.

Its objective is to work in partnership with
public and private agencies and organizations
as well as individual landowners
to conserve, restore, and enhance
fish and wildlife habitat in Manitoba.



Cover photo: Song Sparrow

This page: White Pelicans

The Honourable Steve Ashton
Minister of Conservation
Legislative Building
Winnipeg, Manitoba

Dear Minister:

On behalf of the Board of Directors of The Manitoba Habitat Heritage Corporation (MHHC), I am pleased to present the 2002/03 Annual Report, highlighting efforts to conserve habitat and contribute to sustainable landscapes in Agro Manitoba.

MHHC and the Delta Waterfowl Foundation continue to jointly deliver the Potholes Plus Program within the North American Waterfowl Management Plan. Funding from United States sources increased again in 2002/03 and was applied to purchased conservation agreements with cooperating landowners for wetland and associated habitats.

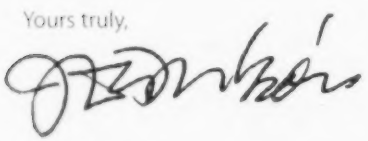
Funding to MHHC from Canada's Habitat Stewardship Program for Species at Risk also increased in 2002/03, allowing MHHC to expand its efforts to secure purchased conservation agreements on critical native prairie and riparian habitats

The Manitoba Agro Woodlot Program continued to offer woodlot management services, tree-planting assistance, workshops and help with agro-forestry projects that combine tree planting with agricultural production systems. These services stimulate sustainable woodlot management practices that maintain wildlife habitat and help landowners develop new income sources.

The partners of the Riparian Health Initiative continued to expand program delivery capabilities in the program's second year of operation. Results included more demonstration projects with producers and expanded communication and extension activities. MHHC provides secretariat services to the Initiative and delivers program in several key areas. The Initiative's activities complement Manitoba's polices and objectives for integrated water management and surface water quality.

While program delivery continues to evolve, MHHC remains focused on achieving conservation outcomes that benefit biological diversity, the rural environment, landowners and rural communities.

Yours truly,



Jack Dubois
Chairperson,
The Manitoba Habitat Heritage Corporation

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Overview

Mandate And Roles

The Manitoba Habitat Heritage Corporation (MHHC) is a Crown Corporation that was created in 1986 by the Manitoba Habitat Heritage Act with the mandate to conserve, restore and enhance fish and wildlife habitat. MHHC does this through cooperative partnerships with private landowners, farm organizations, conservation groups and government agencies, primarily in the agricultural areas of Manitoba. Focusing on the agricultural region, the Corporation operates on the principle of promoting conservation practices that enhance wildlife habitat, encourage productive uses of the land and help to sustain farm family income.

MHHC conducts its activities under three major program areas:

North American Waterfowl Management Plan

MHHC coordinates implementation of the North American Waterfowl Management Plan (NAWMP) through a partnership with other agencies in Manitoba. It also directly delivers NAWMP activities in partnership with Delta Waterfowl Foundation through the Potholes Plus Program.

Woodlot Management

The Manitoba Agro Woodlot Program is operated by MHHC with an annual grant from the Province of Manitoba. This program assists landowners and small-scale operators with training, woodlot management and agro-forestry planning services that help them to sustain or enhance woodland wildlife habitat and diversify farm income.

Riparian Habitat Management

Riparian habitat—where land and water meet along lakes, rivers and streams—is very rich in wildlife, yet highly sensitive. MHHC encourages landowners to adopt land use practices that protect this important habitat and benefit agricultural productivity, particularly for livestock.

Management, administrative and field support are also provided to the Critical Wildlife Habitat Program and, through it, to a number of projects funded through the federal Habitat Stewardship Program for Species at Risk. MHHC also provides administrative services to the Manitoba Model Forest Project.

MHHC Land Conservation Summary

Diverse and vulnerable describe the wildlife habitat in the agricultural region of Manitoba. Habitats are conserved throughout the region, by cooperative agreements, leases or direct ownership. MHHC habitats benefit all wildlife, including plants, birds, animals, fish and other aquatic animals.

Table 1 shows a breakdown of the land that MHHC administers or has influenced. It has more than 2,500 agreements with landowners, conservation agencies and other organizations. As of March 31, 2003, MHHC owns or has held cooperative agreements with landowners for 147,754 acres of habitat on 2,534 parcels of land.

Table 1: MHHC Land Conservation Summary as of March 31, 2003

	# sites	# acres
Acquired and Donated Lands		
North American Waterfowl Management Plan	28	6,517
Critical Wildlife Habitat Program[1]	22	4,217
Lands held in title by MHHC	*50*	*10,734*
Conservation Agreements		
Potholes Plus	66	7,792
Habitat Stewardship Program	36	5,676
Dontated Agreements	13	1,354
Conservation Agreements held by MHHC	*115*	*14,822*
Leased Lands (cumulative acreage)[2]		
North American Waterfowl Management Plan	204	19,137
Critical Wildlife Habitat Program[1]	121	18,501
Leases held by MHHC	*325*	*37,638*
Cooperative Agreements		
North American Waterfowl Management Plan	683	8,146
Riparian Stewardship Program	154	42,494
Manitoba Agro Woodlot Program	1,207	33,920
Cooperative Agreements held by MHHC	*2,044*	*84,560*
MHHC portfolio to March 31, 2001	**2,534**	**147,754**

[1] *Includes lands that are held by MHHC in trust on behalf of CWHP partners*
[2] *Includes current and lapsed leases*

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Board of Directors

The 1986 Manitoba Habitat Heritage Act requires MHHC to be governed by a Board of Directors responsible to the Manitoba Minister of Conservation.

In 2002/2003 the MHHC Board consisted of 10 members:

Jack Dubois*, Chairperson	Manitoba Conservation
E.A. (Ted) Poyser,* Vice Chairperson	Citizen Representative
Gene Nerbas	Manitoba Conservation Districts Association
Ron Bell	Association of Manitoba Municipalities
Doug Chekay*	Ducks Unlimited Canada
Dwayne Hamilton	Keystone Agricultural Producers
Pat Rakowski	Canadian Wildlife Service
Jonathan Scarth	Delta Waterfowl Foundation
Barry Todd	Manitoba Agriculture
Dave Wotton*	Manitoba Conservation

Ex-officio Members

Lorne Colpitts	The Manitoba Habitat Heritage Corporation
Deanna Dixon	Prairie Habitat Joint Venture
Gerry Luciuk	Prairie Farm Rehabilitation Administration
Wanda McFayden	The Manitoba Cattle Producers Association
Mike Moore	Nature Conservancy of Canada
Ray Rybuck	Manitoba Wildlife Federation
Ed Tyrchniewicz	Citizen Representative

*Executive Committee Member

North American Waterfowl Management Plan

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The North American Waterfowl Management Plan (NAWMP) operates in Canada, the United States and Mexico. In Manitoba, Plan activities are coordinated by MHHC in cooperation with several funding partners, and public and private program delivery partners. MHHC also provides field delivery, communication, reporting and evaluation services.

Designed to conserve and enhance waterfowl, wetland and associated habitats, NAWMP activities in Manitoba focus mainly in the pothole area of southwestern Manitoba. Program activities, based on sound biological principles and the best science available, take a landscape approach, rather than concentrating on any one species or site. Potholes Plus is a fitting name under which MHHC delivers its NAWMP activities in conjunction with the Delta Waterfowl Foundation.

The success of the NAWMP approach to habitat conservation has led other bird conservation programs to adopt its model for songbirds, shorebirds and other water birds. The emerging North American Bird Conservation Initiative (NABCI) will ultimately provide an umbrella under which all of these programs can be coordinated.

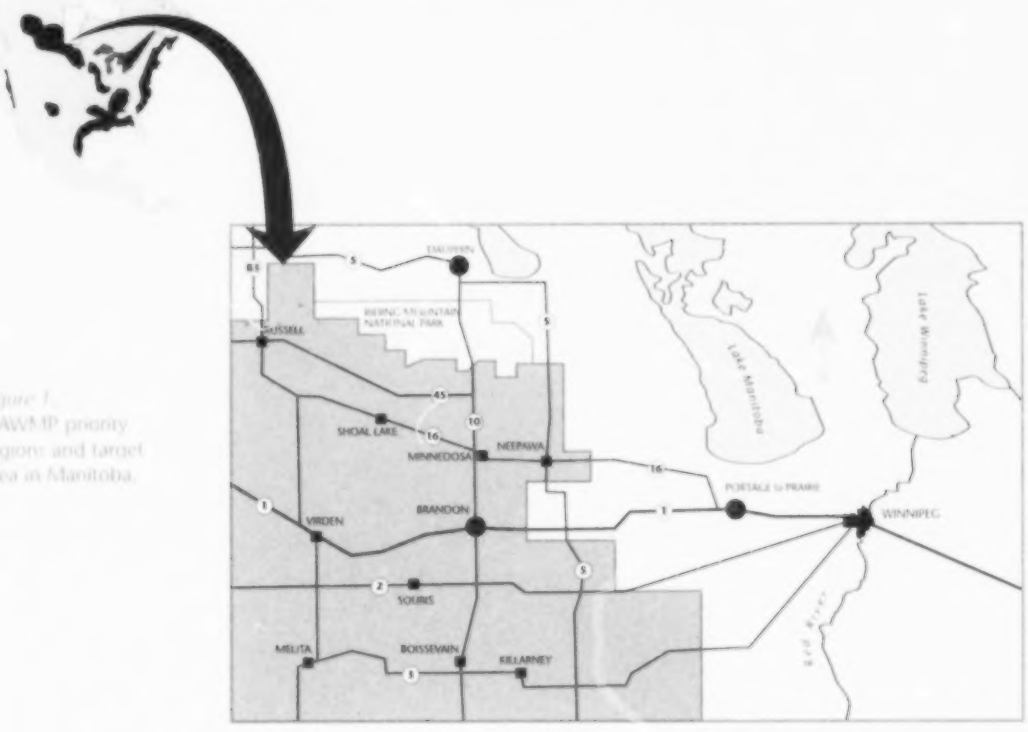


Figure 1:
NAWMP priority regions and target area in Manitoba.

A formal written agreement between the governments of Canada, the United States and Mexico forms the basis for NAWMP. Its success in Manitoba is evidenced by the hundreds of thousands of acres that have been influenced by the program, some through long-term securement and others by conservation farming activities. This has been made possible by the $84.5 million that has been invested in Manitoba, most of which has been contributed by public and private sources from outside the province. The achievements of the NAWMP can be attributed to two major factors.

The first is the cooperative approach that NAWMP partners take in working with landowners. The conservation options provide landowners with the potential for additional sustainable income. The success of NAWMP in Manitoba continues to rest with people at the farm level; individual landowners, local farmer groups, farm commodity groups, Conservation Districts, wildlife associations and rural municipalities.

MHHC partners include:

Agriculture Canada (Prairie Farm Rehabilitation Administration),
Delta Waterfowl Foundation,
Ducks Unlimited Canada,
Environment Canada (Canadian Wildlife Service),
Manitoba Agriculture,
Manitoba Conservation,
Keystone Agricultural Producers,
Association of Manitoba Municipalities,
The Manitoba Cattle Producers Association,
Conservation Districts and
Nature Conservancy of Canada.

The second factor influencing the success of the NAWMP is the continent-wide impact of program activities. The program can target all habitats used by waterfowl in all seasons. Breeding grounds, migration routes and wintering areas are all included in conservation strategies. In North America, the great plains region contains the continent's most

important waterfowl habitats, providing nesting areas and migration stopover sites for most of the duck population.

Much of the great plains region is located in the prairies of southern Alberta, Saskatchewan and Manitoba, where NAWMP activities are coordinated under the Prairie Habitat Joint Venture. Figure 1 shows the prairie pothole region of southwestern Manitoba, the main area of the province in which NAWMP activities are carried out.

A Manitoba NAWMP Overview

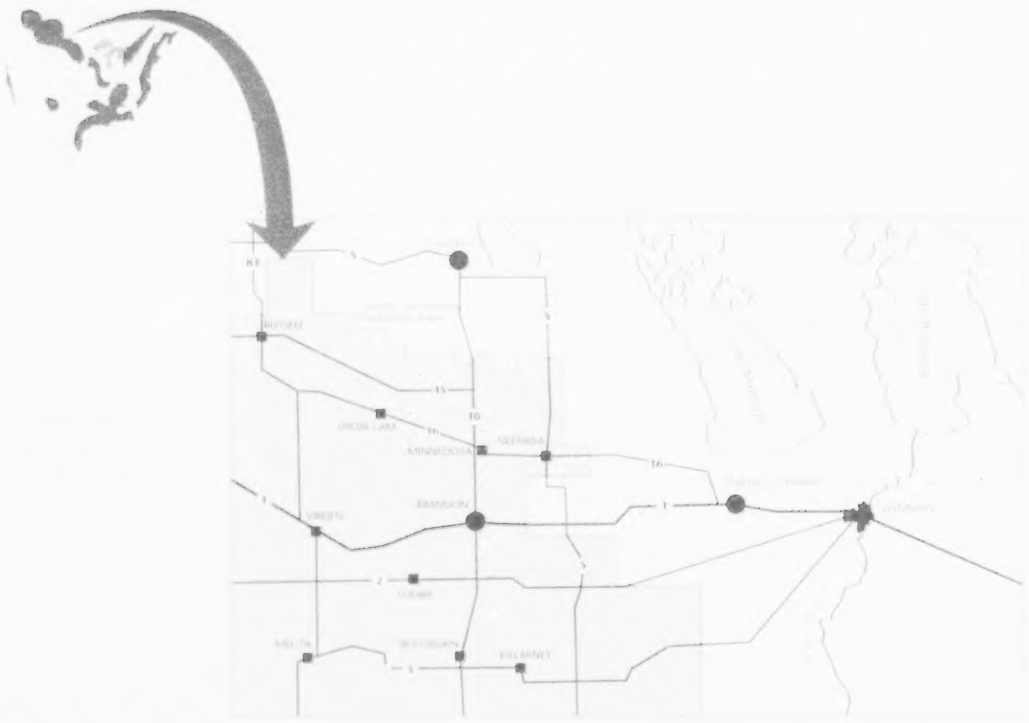
MHHC tracks land areas that are secured (see definition below) by NAWMP partners as well as those influenced (see definition below) by activities. In 2002/03, NAWMP partners added another 35,454 acres of secured wildlife habitat lands, bringing the total to 261,407 acres. The total area of lands secured or influenced by all NAWMP activities rose to 1,081,941 acres. Many landowners are opting to participate in NAWMP through conservation agreements. With this approach, land can be protected yet remain under private ownership. The NAWMP influences a broad range of habitat types in Manitoba. These include:

- wetlands, both temporary and permanent, ranging from tiny prairie potholes to large staging marshes
- wetlands, previously drained, that have been restored
- new wetlands created to mitigate for drained wetlands
- native upland habitats such as grasslands, shrublands and aspen parklands
- cultivated marginal lands restored as grasslands
- rangelands improved for both livestock and wildlife through managed grazing and livestock watering practices
- haylands managed as productive wildlife habitat
- conventionally tilled fields converted to zero-tillage and winter cereal croplands

Table 2: NAWMP Program Accomplishments Summary (Acres)

	Green Acres	DU Program – NAWMP	Nature Conservancy of Canada	Potholes Plus	HELP*	NAWMP Total
Secured 2002/03	170	23,581	8,658	3,045		35,454
Before 2002/03	35,397	165,287	1,922	12,512	10,835	225,953
Total Secured	**35,567**	**188,868**	**10,580**	**15,557**	**10,835**	**261,407**
Agricultural Demonstrations 2002/03		187,043				187,043
Before 2002/03	20,580	609,384		3,527		633,491
Total Demonstrations	**20,580**	**796,427**		**3,527**		**820,534**
Program Totals	**56,147**	**985,295**	**10,580**	**19,084**	**10,835**	**1,081,941**

** Habitat Enhancement Land Use Project*



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** Habitat Enhancement Land Use Project*

Table 3: NAWMP Financial Contributions

Agency	1986 to March 31, 2003	Percentage
Manitoba Sources	**$12,915,168**	**15.3**
Other Canadian Sources		
Canadian Wildlife Service	$10,392,600	12.3
Wildlife Habitat Canada	885,300	1.0
Ducks Unlimited Canada	2,545,000	3.0
Total Other Canadian Sources	**$13,822,900**	**16.3**
Total Canadian Sources	**$26,738,068**	**31.6**
US Sources		
Delta Waterfowl Foundation	$3,283,550	3.9
Ducks Unlimited, Inc.	19,418,270	23.0
US Fish and Wildlife Service	25,836,883	30.6
US States	8,227,624	9.7
Nature Conservancy of Canada	1,059,500	1.3
Total US Sources	**$57,825,827**	**68.4**
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Secured: Any habitat protected through an agreement of seven years or more. May include lease, purchase or conservation agreement.

Influenced: Any land that is owned by individuals that have been encouraged through demonstration to use conservation land practices.

These habitats provide waterfowl breeding areas and support a wide diversity of other bird species as well as mammals, reptiles and amphibians.

MHHC delivers field services, communications, evaluation and planning activities under the NAWMP. These services were supported in 2002/03 with funding from three major sources:

- Manitoba Conservation
- Environment Canada (Canadian Wildlife Service)
- Delta Waterfowl Foundation

Financial and in-kind support was also received from a number of other partners.

MHHC NAWMP Activities

Potholes Plus, Green Acres and Species at Risk Act

A number of NAWMP options for habitat conservation are offered by MHHC. For many years its activities were carried

out through the Green Acres Program, but in the last four years most of its NAWMP activities have been delivered in partnership with the Delta Waterfowl Foundation (DWF) under the Potholes Plus Program. Regardless of the name, landowners can choose from conservation agreements, land donation, purchase and other land management activities.

Potholes Plus

Conservation Agreements (CA): Conservation agreements have been available since 1998 when the government of Manitoba proclaimed the Conservation Agreements Act. Conservation agreements enable landowners to voluntarily protect habitat on private lands. The land may be farmed as long as the natural values are protected. Similar to an easement, a conservation agreement is placed on the property title and remains in effect even with a transfer of ownership.

At year-end MHHC held a total of 115 CAs totaling 14,822 acres. That total includes CAs funded by the Potholes Plus Program and the federal Habitat Stewardship Program as well as CAs donated to MHHC by landowners. In 2002/03 MHHC nearly doubled its portfolio of completed CAs.

MHHC holds all acquired CAs under the Potholes Plus program. A total of 19 CAs covering 2,976 acres were acquired in 2002/03, bringing the total to 66 CAs, totaling 7,792 acres, secured through Potholes Plus. Four additional CAs were in various stages of processing at year end.

Green Acres

Under the Green Acres program MHHC had acquired 28 parcels of land, totaling 6,514 acres, through purchase or donation. No lands were purchased, or received as donations in 2002/03. Of the 204 habitat leases (19,137 acres secured) that were signed in prior years, 33 leases remained active in 2002/03. With MHHC's emphasis on conservation agreements, no leases were signed this year.

In 2002/03 MHHC received three donated conservation agreements for private land habitat totaling 170 acres.

What Is a Conservation Agreement Anyways?

This new conservation tool has been available in Manitoba since the Conservation Agreements Act was proclaimed in 1998 and MHHC has been making good use of it ever since. MHHC has completed 115 conservation agreements (CA), permanently protecting habitat on 14,822 acres of land.

CAs are easements that can be used to conserve habitat on private land. With a CA in place, a landowner continues to own the land, control access, pay property taxes and farm as before. The CA applies only to a property's natural lands; wetlands, woodlands, grasslands. This flexibility ensures that productive agricultural land will continue to be farmed while the natural areas are maintained. Prior to CAs, long-term conservation of habitat was achieved mainly by land purchase.

An important feature of CAs is that they are registered on the land title and remain in effect even if the land changes hands. This ensures long-term conservation of natural areas in the agricultural landscape. To date all MHHC CAs have been perpetual.

Most MHHC CAs have been purchased for wetland and associated habitats with support coming from U.S. funding supplied to the Delta Waterfowl Foundation (MHHC's Potholes Plus Program Partner). MHHC has also received Canadian federal support from the Habitat Stewardship Program for Species at Risk for CAs on riparian and native grassland habitats. As well, thirteen landowners donated CAs and are eligible to receive a tax receipt for the value of the donation.

These CAs cover a variety of wetland, woodland, riparian and other native habitats across the province. MHHC habitat donations to date include 13 CAs, securing 1,354 habitat acres as well as 2,252 acres of donated land.

MHHC's portfolio of acquired lands requires ongoing monitoring and management. In addition to site inspections, 21 parcels, totaling 5,228 acres, received some management treatment in 2002/03. As much as possible, that land management is conducted with the cooperation of neighbouring agricultural producers. Specific activities included:

- 920 acres of hay leases
- 1,545 acres in grazing management systems for grassland management purposes
- 160 acres of managed burns to enhance grassland stands
- 195 acres of land where weed control was conducted
- Half mile of shelterbelt maintained

Waterfowl Nest Tunnel Program: Straw-lined waterfowl nesting tunnels can be found perched on low metal poles in wetlands throughout southwestern Manitoba. They directly support duck production and the habitat secured via their placement benefits over 100 other wildlife species. Each tunnel is visited prior to the nesting season so the tunnels can be lined with new hay bedding and other routine maintenance can occur. Close to 1,800 tunnels are maintained by MHHC. These tunnels also help to secure 7,200 acres of wetland habitat.

Species at Risk Act

MHHC received project funding from the federal Habitat Stewardship Program (HSP), which was created in association with the Species at Risk Act. The HSP involves the federal Departments of Environment, Parks and Fisheries and Oceans. The program objective is to take voluntary, stewardship-based approaches to protect species at risk that are threatened by

Bailey Bequest Leaves the Best for Wildlife

In spring 2002 MHHC received title to 320 acres of exceptional wildlife habitat in the Shoal Lake region of southwestern Manitoba.

The donor, Bill Bailey, lived and farmed in the region until his passing in 2001. A keen observer of the natural world, Bailey was known as a local weather observer and wildlife conservation advocate.

According to Roy Bullion, MHHC's Shoal Lake field representative, the land parcels represent some of the best remaining natural lands in the region. "The farm has an impressive mix of aspen parkland, wetlands and uplands. Mr. Bailey always farmed his land with an eye to wildlife," said Bullion.

The land also adjoins a number of other wildlife lands along a regionally-significant marsh that, when combined, produce a continuous tract of conserved wetland and upland habitat that stands out in a landscape where natural lands are becoming increasing fragmented.

Bailey donated the land in memory of his parents and grandparents who also lived and farmed in the area. His wishes for the land were to ensure that it is maintained as wildlife habitat in perpetuity.

loss of their native habitat. MHHC's HSP project pays landowners for perpetual conservation agreements on riparian areas, mixed-grass prairie and other important habitats for species at risk in the prairie ecozone.

In 2002/03 a total of 25 conservation agreements were placed on 4,440 acres of land for riparian and native grassland habitats. Under the HSP program a total of 36 agreements, totaling 5,676 acres, have been completed to date.

In addition to delivering CAs with funding from HSP, MHHC assists other partners, especially Manitoba Conservation, by managing HSP agreements and administering the employment contracts of a number of term and seasonal employees that are supervised by Manitoba Conservation staff.

Special NAWMP Projects

Agricultural Policy Framework: With a new federal-provincial arrangement being negotiated for agricultural policy across Canada over the next five years, MHHC staff participate in a number of federal-provincial committees that are developing agricultural environmental policies and programs for the province through the APF.

Conservation Agreement Tax Analysis: The income tax consequences of selling or donating a conservation agreement can be complicated. MHHC is supporting CA delivery in Manitoba by continuing to update analyses of the tax implications through a contract with tax professionals.

Conservation Agreement Baseline Inventory: MHHC developed and began delivery of a comprehensive approach to establishing a baseline inventory of all CAs it has secured. In 2002/03 a methodology was developed and refined. A two-person field team also conducted landowner contacts, data collection and completed reports on 40 projects by the end of the year. The inventory collects basic biological information and develops a Geographic Information Systems (GIS) reference for all habitat elements in a CA. This will be an ongoing activity for MHHC.

Tunnels Turn Ten

It wasn't a better mousetrap but, in a way, the waterfowl world did beat a bit of a path to MHHC's door when the value of a new nest structure was demonstrated a decade ago.

In the early 1990s MHHC gained experience with traditional nest baskets (conical structures that open to the sky) placed in wetlands to help duck production. Use rates with the baskets averaged 20 per cent, but initial tests showed that those rates more than doubled with a newer, tunnel design. The tunnels' attractiveness may never be explained, but nesting hens possibly have a greater sense of security with overhead cover. Crows are also reluctant to enter tunnels to dine on eggs.

Roy Bullion, MHHC's Shoal Lake field representative, recalled that the news kept getting better. "Use rates kept increasing every year. While 60 per cent occupancy and 90 per cent nesting success became typical, we have areas where over 90 per cent are used."

When compared to traditional nest baskets, and 90 per cent loss rates for ground-nesting ducks, the value of tunnels was plain to see.

MHHC's philosophy is to lever conservation knowledge and opportunities wherever possible. MHHC still maintains close to 1,800 tunnels in the NAWMP target area, but it has shared its experience more broadly.

Easy-to-follow construction plans were developed and followed by a video on nest tunnel construction and maintenance. Over the years, 500 videos have been distributed to interested conservation groups across the continent and countless nest tunnel projects have resulted. Thanks to modern technology and partner support, the video can now be viewed at the Delta Waterfowl Web site www.deltawaterfowl.org.

Exceptional Property is MHHC's First EcoGift

One of Manitoba's first donated conservation agreements (CA) designated under the new, federal EcoGift program involves a half-section of property along Rock Lake in southwestern Manitoba.

The land includes nearly one mile of lakefront, a magnificent, mixed hardwood forest on the north side that borders it. Farm fields predominate on the flat lands above the lake forest.

"There are lots of big oaks on the property that you can't get your arms around," said Jan Collins, owner and CA donor. There is also a great diversity of wild flowers, native prairie on the open knolls and an abundance of wildlife. All of the land, except a 30-acre alfalfa field, is included in the donation.

Land and perpetual CAs that are donated are eligible for designation as "ecologically sensitive" under a recent federal program that encourages gifts of habitat. In addition to the ecological recognition, the designation offers a potential tax advantage to donors. "The Collins CA will be MHHC's first donation to go through the process," noted Al Bourrier, MHHC's field representative in Killarney.

Collins was raised in the Pilot Mound area where some of his family continues to farm. The land was purchased by the Collins family three decades ago and has a summer cottage that is now owned by Jan and his wife Anita.

Collins has only to look across the lake with its cottage-rimmed shoreline to find good cause for donation. "The lake is going to see more development pressure and I'd rather keep part of it natural," he said.

Livestock Management Seminar: MHHC continues to partner with Manitoba Agriculture and Food and The Manitoba Cattle Producers Association on a one-day seminar at Ag Days, the largest agricultural trade show in the province. The focus of this well-attended session is pasture and livestock management practices.

NAWMP Communications

MHHC communications activities focused on supporting program delivery, especially donated and purchased conservation agreements.

MHHC produced and distributed nine news releases relating to its NAWMP program. Most highlighted specific conservation agreements, especially donations. Uptake of these articles in the rural and agricultural media continues to be high. As available funding for conservation agreements increases, the ongoing media coverage is helping to ensure an increasing pool of potential cooperators.

In addition to a grazing management tour for livestock producers, MHHC also hosted four field tours of projects for program partners and funding agencies. Staff also made numerous presentations at meetings and workshops, most

of which targeted agricultural producers. MHHC staffed displays at three province-wide agricultural venues as well a number of local fairs and events. Three dedication ceremonies for land and conservation agreement donations were also held throughout the year.

As part of its ongoing effort to stay attuned to local attitudes to its programs, MHHC continues to operate Local Liaison Committees from each of its four NAWMP field offices.

NAWMP PARTNER ACTIVITIES

Ducks Unlimited NAWMP Program: Ducks Unlimited delivers a range of NAWMP program options, including land lease and purchase, conservation agreements and a range of conservation farming options including zero tillage, permanent forage cover establishment, managed grazing and fall-seeded crops. Of the latter, winter wheat cropping is showing great promise as an alternative crop that also provides tremendous benefits to ground-nesting waterfowl. DU has responded with an initiatives designed to increase use of this cropping option by Manitoba farmers.

In 2002/03 a total of 23,581 acres were secured by long-term agreements and an additional 187,043 acres were influenced by conservation farming demonstration initiatives.

The Nature Conservancy of Canada has become a NAWMP program delivery partner, focusing its efforts on wetland and associated habitats in the tall-grass prairie region of southeastern Manitoba and on aspen parkland habitats in western Manitoba. In 2002/03 it secured 8,658 acres of habitat with funding support from U.S. NAWMP sources.

All In the Family — Brookers Make Commitment to Conservation

The Brooker family has placed a conservation agreement (CA) to protect riparian, woodland and grassland habitat on their property in southwestern Manitoba.

David and Fran Brooker and their son Dean represent the third and fourth generation of the family to own this property. The 320-acre parcel includes river bottom forest along Minnewasta Creek, aspen bluffs and native mixed-grass prairie that has never been cultivated. "This land is a rarity and is deserving of long-term protection," said Ian Milliken, MHHC's Reston office field representative.

This CA was purchased from the Brookers by MHHC using federal Habitat Stewardship Program for Species at Risk funding.

Milliken noted that alfalfa hay land on the property is not part of the CA. Brooker and future landowners may also graze the native grasslands in the CA if they so choose.

Little has changed since the CA was signed. The Brookers continue to sell the alfalfa crop and they retain all the other rights of ownership. The only difference is that the habitat is now permanently protected.

David Brooker noted: "I've always maintained the habitat and I figured I might as well leave it intact." The avid outdoorsman added, "I still have control for hunting."

Dean is also a hunter and he will continue to enjoy that right on the family property. Year round, the family enjoys the opportunity to enjoy the abundant wildlife that uses the land.

Manitoba Agro Woodlot Program

Since 1992 the Manitoba Agro Woodlot Program has been delivering private land forestry services to landowners interested in sustainable woodlot management as a means of diversifying farm income. The Program also delivers training and other services that help small-scale, local forestry contractors to enhance their skills and increase their understanding of their role in forest stewardship. The Woodlot Program supports market development by facilitating networking among landowners, forestry contractors and wood buyers.

Rather than convert wooded land to pasture or cultivation, many landowners in Manitoba have recognized that their woodlots are an untapped source of new farm income. MHHC has responded through its Manitoba Agro Woodlot Program (MAWP) that provides training and woodlot management services out of offices in Brandon, Killarney and Minnedosa. Staff provide woodlot inventory and assessment services, develop management plans, provide tree-planting support and deliver hands-on skills training workshops. The program emphasizes small-scale harvesting as a means of rejuvenating wooded stands and enhancing diverse wildlife habitat.

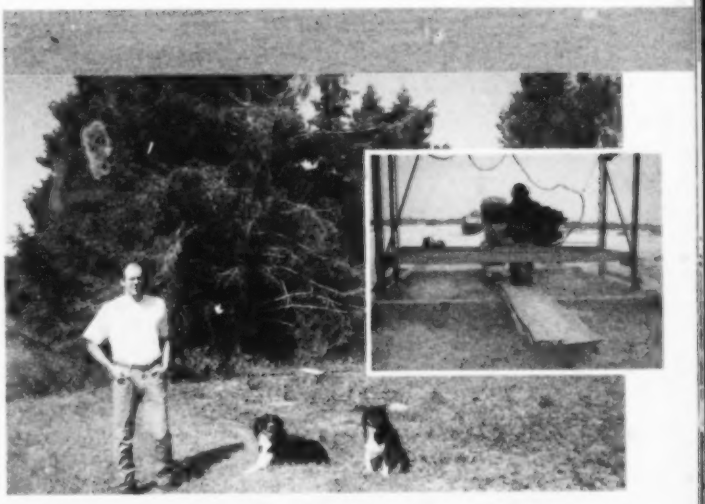
Woodlot Management

Woodlot management plans help landowners harvest and renew their woodlots, maintain a diverse forest for wildlife and earn income. In 2002/03, MAWP staff worked with landowners to complete 45 site-specific management plans covering 5,726 acres of wooded lands. Added to previous years, this brings the total number of completed woodlot management plans to 252 on a total of 32,149 acres.

Although many landowners are primarily interested in supplying local sawmill operators, many others are realizing the benefits of producing value-added end products like hardwood flooring, paneling, furniture pieces and cabinets.

Tree Planting

MAWP staff continued to assist individual landowners and communities in their tree planting projects. Support ranged from providing advice on funding proposals to offering technical support on species selection and site design. In the past year, MAWP staff organized 40 tree planting projects totaling 25,525 trees. Since 1992, MAWP has planted 1,060,819 trees and shrubs on 816 landowner projects and 66,613 trees on 139 community projects for a grand total of 1,127,432 trees on 955 projects.



Local Lumber Provides Local Benefits

When Kurt Mazur removed a few trees from his shelterbelt, he saved on lumber costs and helped the local economy.

The shelterbelt near Mazur's Erickson-area house needed thinning, but rather than knocking trees down and hauling them to the dump, he solved his own lumber needs.

Mazur contacted the Manitoba Agro Woodlot Program, and Carol Graham provided him with a list of local sawmills. After going over the list, he called Darryl Neustater, who lives only a few miles away.

Neustater operates a tree service business that he recently expanded with the purchase of a portable sawmill. He took the sawmill to Mazur's yard and milled the logs right where they fell. They were manufactured into 2x4, 2x6 and 2x8 boards ranging from eight to 14 feet in length. The wood was used to repair corrals and for home renovations.

"We were going to buy spruce lumber anyway," Mazur said. "Since we had this resource right here in the yard, I thought we could give a local person some business as well. It worked out for everyone."

Interestingly, Neustater got his start in the milling business after a Woodlot Program representative visited his property and completed a woodlot management plan. He eventually decided it would be a good investment to purchase his own portable sawmill and get into the custom milling business.

Agro-Forestry Projects

Agro-forestry projects combine tree planting with agricultural production systems. In 2002/03, 38 new projects using 25,460 trees were completed under the Woodlot Program. Examples of agro-forestry activities are discussed below:

Silvapasture and living barns: Silvapasture systems are designed primarily for the benefit of livestock. When trees are fenced off from livestock and tended, these multi-row plantations provide livestock with shelter from extremes of heat and cold. Landowners benefit from higher weight gains and healthier herds and they ultimately have a source of merchantable timber.

Bioengineering and streambank restoration: Willow post or other hardwood cuttings can be combined with rip-rap to stabilize degraded riverbanks and reduce flood-related impacts. Three to six foot long cuttings are installed directly into the streambank to stabilize the ground.

MHHC partnered with Native Plant Solutions to design 11 projects along the Red River. This collaborative effort helped the City of Winnipeg meet Fisheries and Oceans Canada's revegetation goals for the city's storm water outfall restoration work.

MHHC staff delivered an indoor introductory training session on bioengineering techniques to Manitoba Hydro's seasonal riparian work crews in Thompson. As a result of the high level of interest, Manitoba Hydro asked MHHC to help assess sites and make recommendations for application of bioengineering techniques in the spring of 2003.

Good Woods: Developing a Beneficial Management Practices Manual for Woodlots

Thanks to funding from the Manitoba Model Forest's Woodlot Initiative, woodlot owners and loggers soon will have a new set of management guidelines to follow.

Model Forest funding is allowing MHHC to work with the Manitoba Forestry Association (MFA) and the Woodlot Association of Manitoba (WAM) to develop a manual to support sustainable woodlot management planning and harvesting.

"This manual will put all the sound forestry principles that have been practiced all over North America into one simple resource," says Bob Austman, past president of WAM.

"The manual will raise the standard of management and logging practices in woodlots and help minimize the environmental impacts of harvesting," said Matt Conrod, an MHHC Woodlot intern who has a key role in the project. It will outline beneficial management practices (BMPs) that help landowners and contractors minimize harvesting damage along streams, protect future crop trees and enhance biodiversity.

Ken Fosty, extension officer with the MFA said it is evident from the questions and issues raised at woodlot management field days that landowners are looking for guidelines to follow. "They come to these events with an interest in doing things properly," said Fosty.

Conrod drafted sections of the manual following a review of woodlot manuals from other areas in North America. The document is expected to be published early in 2004.

Save the Best for Last: Full Vigour Forestry

You could call Greg Roberts a prairie beachcomber. While the characters of a once-popular Canadian television series searched shorelines, Roberts combs the Manitoba countryside for timber that no one else wants.

Early on Roberts learned that he loved cutting wood but harvesting and marketing it in conventional ways was just not very profitable. After bad experiences selling wood through brokers, Roberts decided he needed to mill and directly market his wood.

His transition was assisted by a workshop hosted by MHHC. There he met Jim Birkemeier, a Wisconsin forester and woodlot owner who promotes the full vigour forestry concept.

Birkemeier's strategy challenges conventional forestry. He promotes leaving the mature, healthy trees to grow while harvesting the damaged and over-mature trees instead.

The second part of Birkmeier's strategy is to make a living by capturing the full value inherent in the product. "It doesn't make sense for small-scale operators to sell raw logs when there's money to be made at each level, by milling and kiln drying lumber, or even installing finished wood products, " said Birkemeier.

Using that approach, Roberts has used bur oak to make the flume boards for ventilation shafts beneath potato-shed floors. He also has sold pungent-smelling cottonwood lumber that horses won't chew, to horse-owners for barn stalls.

"Now, I'm a jack-of-all wood trades," Roberts says. "I generally don't cut a tree down until I have a market for that tree."

The approach works well for supplying local markets with a specialty product. "Food and forestry are things that can be done well on a local scale. We all need food and we all need wood," said Berkmeier.

Alley cropping and snow management. Rows of fast-growing trees, such as hybrid poplar, are planted with enough space between rows for growing crops. Hence the name alley cropping. Crop yields are higher because of the more moderate microclimate created by the trees. Landowners can eventually harvest the trees; in the meantime, the shelterbelts create wildlife habitat for birds and other animals. Snow management is of particular concern to the hog industry.

MHHC continued to assist Manitoba's hog industry in the design of multi purpose tree systems. While the initial goal of most operations is to meet conditional land use permit requirements for visual barriers, MHHC designs tree systems that also enhance winter site access, while allowing conventional crop harvesting. A typical system uses a shrub "trip" line along the perimeter to slow winter surface winds. This allows snow to settle out in the widely spaced interior tree rows. Tree/shrub row spacing and end of the row "gates" or gaps are designed to accommodate harvesting equipment. In addition to providing visual barriers, MHHC's snow management systems reduce snow removal costs, while enhancing operational efficiency and increasing crop production due to enhanced soil moisture.

Training Programs

At the invitation of the Whitemud Conservation District, MHHC delivered its Wealth in Woodlots Workshop in Eden. The workshop consists of three sections including a comprehensive inventory process, the ecological considerations used to develop a management plan and considerations involved in developing a timber sale agreement.

With funding from the Manitoba Model Forest, MHHC partnered with the Manitoba Forestry Association and Woodlot Association of Manitoba to deliver to one-day workshop on Full Vigour Forestry in a riparian hardwood woodlot near Carman.

Separate workshops were held to address the issues of micro forestry operators and landowners. Wisconsin's Jim Birkemeier again demonstrated how to enhance the growth and value of future crop trees by removing low-grade trees that are competing for light moisture and nutrients.

MHHC took the lead role in two important projects funded under the Manitoba Model Forest's Woodlot Initiative. Agro Woodlot staff worked with the Conservation Forestry Branch and Manitoba Forestry Association to develop a standardized process and document format for woodlot management plans.

MHHC hired Matt Conrod, a recent graduate under Natural Resources Canada's Science and Technology Internship Program, to develop Beneficial Management Practices Guidelines for Manitoba Woodlots. The goal is to make landowners and logging contractors aware of various stewardship goals. The final draft is expected by October 2003.

Communications

Woodlot Program communications focused on directly supporting program delivery and promoting sound woodlot harvesting practices. In addition to the development of two news releases for general distribution, a series of five woodlot management articles was prepared for one provincial agricultural newspaper. It covered topics ranging from woodlot plan development to harvest techniques and selecting a contractor.

Woodlot Program staff continued to attend a wide array of meetings and events and staffed program displays at three large rural trade shows. Many program presentations were made at rural and industry-related meetings, seminars and workshops.

Riparian Health Initiative

The most productive and diverse habitats in Manitoba are found where land and water meet. Riparian areas—streambanks and lakeshores—provide all of the elements required by wildlife for survival; food, water and shelter. The trees and vegetation growing in riparian areas help during high water stages by slowing down floodwaters and soaking up run-off. They also act as filters by trapping sediments and pollutants before they enter the water.

The Riparian Health Initiative is a broad program involving a large network of agricultural industry and conservation organizations across Manitoba. It was established to strengthen riparian stewardship programs for producers and improve coordination of partners across Agro Manitoba. New coordinating bodies have been established at the provincial and regional levels and new funding from the Manitoba Rural Adaptation Council (MRAC) and other partners, has allowed MHHC to provide secretariat services to these coordination bodies and deliver stewardship programs across agro Manitoba.

Program Overview

The Riparian Health Initiative (RHI) arose from a desire to increase producer involvement and collaborative approaches for riparian area management across Agro Manitoba. It was an idea that evolved from the collective efforts of agricultural and conservation groups that had worked cooperatively for many years. They came together, forming the Riparian Health Council, to improve coordination of programs and activities that support the sustainable use of riparian areas. Working together, these partners create an efficient and dynamic network for stewardship, education, technology transfer, data collection and evaluation.

As the RHI concept was being developed, a provincial task force recommended that, "The Manitoba Cattle Producers Association (MCPA) should take the lead in developing a strategic initiative for riparian management in Manitoba... through partnerships with groups such as MHHC, DU, Conservation Districts, PFRA, Manitoba Agriculture and Food and Manitoba Conservation." New federal funding from the Manitoba Rural Adaptation Council (MRAC) allowed the partners to essentially fulfill this recommendation by launching the RHI.

The Riparian Health Council (RHC) was created to promote coordinated programs and activities that support the

Award-Winning Producers Also Riparian Stewardship Program Cooperators

Hugh and Robert Blair, Woodside-area brothers and cattle producers, received the 2002 Manitoba Cattle Producers Association Environmental Stewardship Award for their leading edge cattle production and land stewardship practices.

The pair manages a third generation family farm that converted entirely to cattle. The farm has become an important testing ground. "The Blairs have been, and continue to be, front-runners in new ideas and technology," said Dennis Beernaert, the district's Manitoba Agriculture representative and a co-sponsor of the Blairs' nomination.

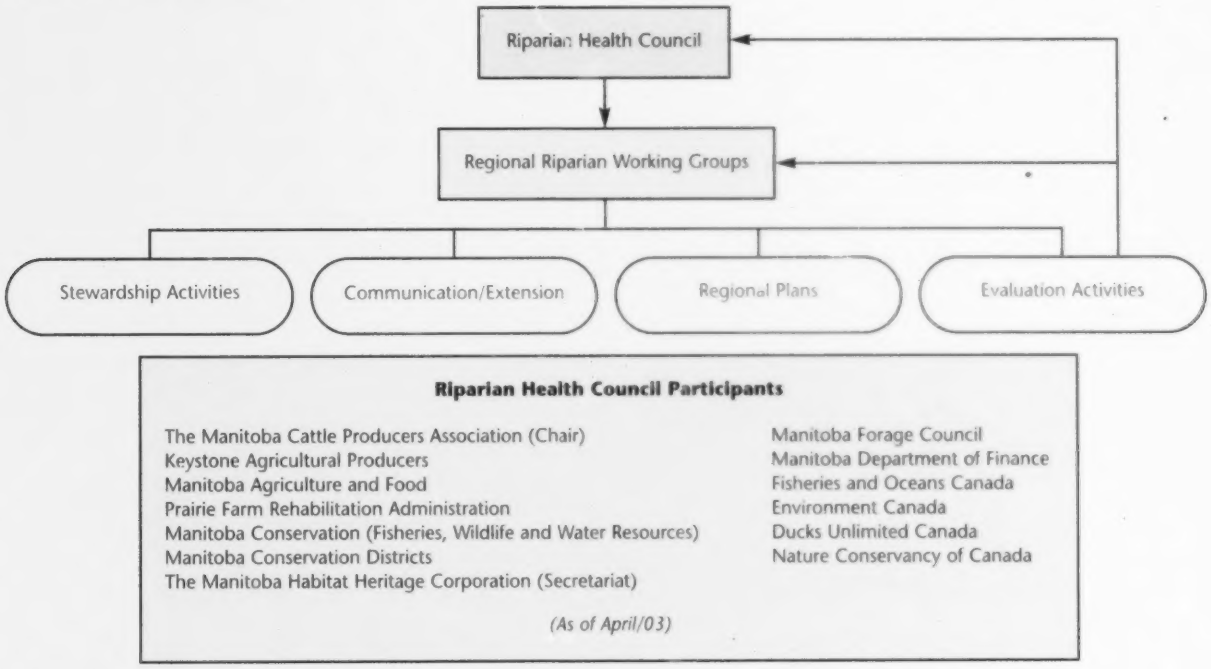
An intensively managed rotational grazing system includes off-site and wintering watering facilities, a highly developed paddock system and 55 acres of riparian area where livestock access is managed. The Riparian Stewardship Program helped them achieve one goal for their farm, ensuring that the riparian areas provide essential ecological functions and wildlife habitat.

As their management systems evolve, the Blairs have recorded improvements in herd management and beef production, along with some significant cost savings. They have also noticed more wildlife on the farm.

The Blairs are active in their community and helped found and continue to participate in the Benchlands Forage Consortium, a successful, farmer-run stewardship group. Hugh is a member of the Whitemud Watershed Conservation District board and the brothers assist with a local walleye enhancement project in the Whitemud River.

Recently, Hugh completed the Managing the Water's Edge training program *(see page 25)*, the first Manitoba producer to do so.

Riparian Health Initiative

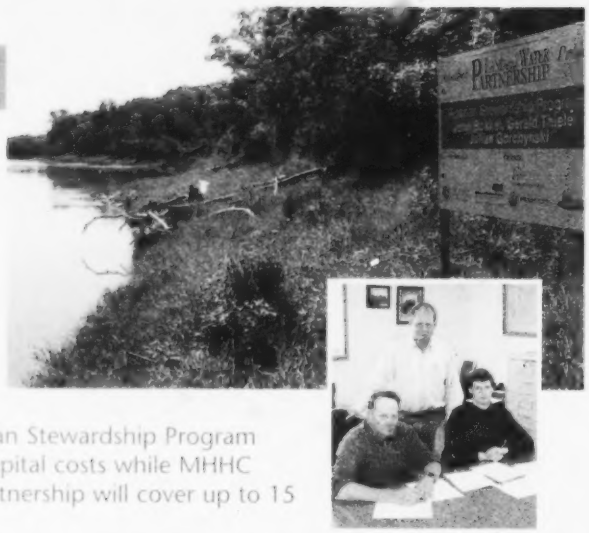


sustainable use of riparian and associated lands in Agro Manitoba. The MCPA chairs the Council, whose membership includes producer groups, government agencies and non-government conservation organizations. Five regional working groups of various agency field delivery personnel and producers have been established to be a focal point for communication and coordination at the local level. They can improve the efficiency and effectiveness of stewardship, information and education programs for interested landowners and support important evaluation activities focusing on riparian issues and program effectiveness.

Three-year funding from MRAC, totaling $150,000, has allowed MHHC to hire a riparian program coordinator and provide secretariat support to the RHC and the regional working groups.

Additional three-year funding of $450,000 is dedicated to the Riparian Stewardship Program. Administered by MHHC, and with delivery support from PFRA and Manitoba Agriculture, the stewardship program's financial incentives help interested landowners implement grazing practices that maintain riparian ecosystems and water quality and improve overall pasture productivity. A buffer strip option also exists, assisting producers with the planting of cultivated lands along waterways to permanent forage. All MRAC stewardship funds go directly to landowners to support an estimated 200 managed grazing/off-site watering and forage buffer strip projects. Additional funding of $75,000 over three years from Ducks Unlimited will allow that total to increase. Multi-year cost sharing arrangements have also been completed with seven conservation districts for an additional $35,000 of project funding per year for three years. The maximum contribution of $2,500 that landowners may receive through the program must be matched by landowner contributions of cash or in-kind activities.

Willing landowners are key to the success of the Riparian Stewardship Program. Cooperative approaches, focusing on communication, extension and stewardship support, are the fundamental building blocks of the RHI. Complementary MRAC-supported evaluation activities, being delivered by



Brandon Area Farmer First In Line

John Bokkel farms along the Assiniboine River west of Brandon and has always been ahead of his time when it comes to riparian management. Now he is the first farmer to take advantage of a riparian partnership between MHHC and the newly established Mid-Assiniboine River Conservation District (MARCD).

MARCD and MHHC recently joined forces to deliver Riparian Stewardship Program projects. The conservation district contributes to project capital costs while MHHC provides the remaining funds and project delivery. The partnership will cover up to 15 cost-shared projects in the district over three years.

Bokkel, who was already using riparian managing techniques on his farm, wanted to do the same on lands along the Assiniboine River that he and two partners recently purchased.

"They (MHHC and MARCD) helped us out financially on the fencing side and we did the work," he said. "It's a real win-win situation." He noted that, with the steep banks along the river, fencing is an important livestock management tool. "I believe it's in our best interests to fence off the river. It's better for the cattle."

Wes Pankratz, MHHC field technician in the Minnedosa office, worked with Bokkel to develop a grazing plan. "There are excellent benefits for both water quality and habitat."

Kim Poppel, MARCD manager, noted, "One of the benefits of this project is that it has good visibility for the public."

This stretch of river receives a great deal of boat traffic from the City of Brandon, which takes its drinking water from the river. Bokkel made sure that a project sign faced the river, where it helps to increase awareness of the value of landowner contributions to maintaining healthy riparian areas.

PFRA, will ensure that land management practices that are being promoted are based on the best information available.

Program Results

Coordination Activities

With a riparian program coordinator in place, MHHC organized the provincial Riparian Health Council and five Regional Working Groups. Two meetings of the RHC and each of the five Regional Working Groups were completed. In addition to providing a forum for discussion of a number of riparian related issues, the RHC has helped to shape the overall direction of extension and stewardship programs. With new partners coming to the RHC, including the Manitoba Forage Council, Environment Canada and the Manitoba Department of Finance, the RHC became an important sounding board for new riparian initiatives such Manitoba's Riparian Tax Credit and a concept proposed by Fisheries and Oceans Canada for a Peer Advisors program for the grazing livestock industry. RHC members also took part in one field tour of riparian projects.

Regional Working Groups have helped improve communications and coordination of program delivery at the local level. The Working Groups also played a key role in the development of grazing management guidelines for riparian areas. This document was going through final draft stages at year end. Working Group partners also held a number of field tours for landowners and field delivery personnel.

RHC partners put considerable effort into the development of a Manitoba-based riparian area assessment system as well as trained professionals capable of delivering riparian management workshops to producers.

Considerable effort went into increasing awareness of the RHI and its related activities. Details of those activities are discussed in the communications section.

Riparian Stewardship Program Activities

In 2002/03 a total of 31 riparian demonstration projects were completed, enhancing 40 miles of shoreline, 2,161 acres of riparian habitat and an additional 7,900 acres of adjacent uplands through improved grazing management or forage development. At year end an additional 107 projects were in various stages of development. They represent an additional 133 miles of shoreline, 3,827 acres of riparian habitat and 23,221 acres of adjacent uplands. Since the beginning of the Riparian Stewardship Program in July 1, 2001 a total of 162 projects have been completed or are in development, affecting 308 shoreline miles, 6,687 acres of riparian habitat and 37,415 acres of adjacent uplands

While the Program offers landowners grazing management and forage buffer strip establishment options, most activity is occurring under the grazing management option.

There was a significant increase in new projects this year. One reason is a greatly expanded delivery network that now includes field staffs from PFRA, Manitoba Agriculture (Northwest and Central Regions) and the Kelsey Conservation District along with MHHC field staff. This arrangement ensures that experienced field personnel are delivering projects in their local area. All project agreements are held by MHHC.

Communications

As the Riparian Health Initiative unfolds communications to support issue awareness and program delivery continues at a high pace.

Riparian Projects a Hit With Cooperators

Cooperating landowners rate their riparian stewardship projects highly and would recommend the approach to others, according to results of ongoing surveys conducted by MHHC.

MHHC sends a questionnaire to cooperating producers after they have had at least one year of experience with their new systems. To date over 50 have returned and the results are remarkably positive:

- 97 per cent rated the service they received from "very good" to "excellent"
- All cooperators rated the project, overall, from "satisfactory" to "excellent"
- 73 per cent expected the new system to provide a "somewhat positive to very positive" financial outcome. (The rest expected a neutral result.)
- 98 per cent were "satisfied" to "very pleased" with their projects
- 97 per cent would recommend this kind of approach to friends and neighbours

Many general comments were received. The following captured the sentiment of many: "The service and support that I received was very helpful and useful and the representative was a pleasure to work with."

A Family With Roots Makes a Decision for the Future

The Stroeder family was thinking long term when it donated a conservation agreement (CA) on 70 acres of riverbank forest along the Whitemud River.

"The benefits will be long lasting, not just for our family, but for other people who live around here as well," said Ed Stroeder, who farms the land and is also the Reeve of the Rural Municipality of Westbourne.

Sarah Stroeder, Ed and Nora's daughter, represents the fifth generation of her family to live on this farm since it was settled in 1899. Three generations were on hand at a dedication ceremony held last summer.

Sarah's grandmother, Janet Johnson, supported the family's decision. "This is definitely the right thing to do with the land. I think it's just wonderful."

"This is an absolutely beautiful hardwood stand," said Kevin Teneycke, MHHC's field manager. "It is a great honour for the corporation to help protect it."

Ted Poyser, MHHC vice-chair observed that riparian areas are important habitat and they help to protect water quality. "The reeve of this municipality is setting an example for others," he said.

The CA includes nearly one mile of river as it meanders through the property. Huge oak and elm trees buffer the river along with an understory of trees, grasses, shrubs and wildflowers.

MHHC produced and distributed 12 news releases that stimulated a minimum of 35 separate articles, primarily in the rural and agricultural media. The releases included project profiles, new partnership agreements, new program options like the Province of Manitoba's Riparian Tax Credit and general, riparian-related information.

In addition to a staffed riparian display at three major agricultural events and one watershed conference, MHHC and partner staff attended displays at many Beef Week events and other seminars that target livestock producers. A large number of presentations were also made to producer groups and potential partner groups to support a number of program objectives.

One field tour of riparian projects was conducted for the Riparian Health Council and many smaller tours were conducted with project partners.

Taking an Education to the Bank

Thanks to support from Manitoba Agriculture's Covering New Ground program and coordination assistance from the Riparian Health Initiative, Manitoba has 25 newly-minted graduates from a course that develops expertise in riparian area assessment and the delivery of riparian management workshops for producers.

Previous riparian area management workshops that were delivered under the Bovines and Shorelines banner were popular with producers but expertise had to be brought in from outside the province. Manitoba relied on the kindness— and the holiday time—of the principal developers of Alberta's award-winning Cows & Fish Program.

"Given their popularity, it is obvious that the need existed to develop this type of presentation in Manitoba," said David Hay, soil and water management specialist with Manitoba Agriculture.

Trainees were selected from a cross-section of agriculture, farm industry and conservation groups. This time, the Alberta experts came with the intention of putting themselves out of a job. The six-day training program included sessions on riparian area functions and values, riparian management options, developing effective presentations and on-the-ground riparian area evaluation techniques. Workshops that follow will be delivered under the title, Managing the Water's Edge.

Training wraps up in June of 2004 and a number of workshop sessions have been slated. Melanie Dubois-Claussen, MHHC's riparian program coordinator and a course participant, noted, "Many graduates are anxious to put their new skills to the test."

Critical Wildlife Habitat Program

The Critical Wildlife Habitat Program (CWHP) goal is to identify, preserve and manage remaining critical habitats, especially native grassland habitats of unique, rare and endangered species. Manitoba Conservation, MHHC and other agencies work together under the CWHP umbrella on a project-specific basis. MHHC holds a number of acquired habitat lands in trust on behalf of CWHP partners.

Mixed Grass Prairie Projects

Inventory and grazing demonstration projects continued in the mixed grass prairie region of southwestern Manitoba.

One hundred forty-five sites covering 166 quarter sections were inventoried in the Blind Souris River Valley, Spring Valley Flats and Broomhill areas. Just over 50 per cent of the land was mixed-prairie habitat. Buffalograss, a rare species, was found on 27 sites while the equally rare Sprague's pipit was discovered on 44 sites.

MHHC received a database of the inventory information to help target future conservation agreement efforts. The database was also provided to PFRA to help identify environmentally sensitive lands for the Greencover Program. Manitoba Conservation provided a Green Team staff position to assist with this project.

Toews Twice-Over Takes Off

With results showing that he's getting more beef from fewer cows, Kelly Toews knows that the twice-over grazing system is working on his native grassland pasture.

"I had hoped it would work and it does work," says Toews, a Cromer-area cattle producer. "It's a very simple system to use and I can see this program will keep on working."

The twice-over rotational grazing system was developed in North Dakota primarily for native range management and is promoted in Manitoba through the Mixed Grass Prairie Stewardship Program. Curtis Hullick, program coordinator, said, "The system's name is derived from the two periods that cattle graze each pasture in a grazing season. Grazing during the first period stimulates grass production which is available to the cattle during the second grazing period."

Toews learned about the new system and decided to try it, initially with technical assistance from Roy Bullion, MHHC Shoal Lake field representative. He also joined a demonstration program that collects weight gain data for his herd.

Production has increased each year with the new system. Daily weight gains have increased, as has overall beef production per acre. "We now run fewer cows but for a longer period of time, so the efficiency is better," said Toews.

The demonstration program has followed several producers over time. "After five years we have learned that we can improve native pastures, enhance wildlife habitat and increase cattle weight gains," said Hullick.

Toews is willing to share his experiences with other producers. "I would say that if you have native grass go for it," he said. "It's a reasonably simple program."

Monitoring of vegetative changes, livestock weight-gains and grassland bird responses to the twice-over rotational grazing system, tours and workshops continued under the Mixed-grass Prairie Grazing Demonstration Project. The project was expanded this year to include incentives to landowners for setting up the twice-over system on their own lands. Over 2,440 acres of native pasture have been protected under seven, five-year agreements to implement twice-over grazing systems.

A field guide to Common Native Pasture Plants of Southern Manitoba: A Landowner's Guide was produced to assist landowners with grazing management decision-making. Additional funding for this project came from various agencies including Environment Canada's Habitat Stewardship Program for Species at Risk and EcoAction 2000, the Climate Change Action Fund Agricultural Awareness Partnership and Ducks Unlimited. Other project partners include MHHC, Manitoba Agriculture and Food, Manitoba Cattle Producers Association and the West Souris River and Upper Assiniboine River Conservation Districts.

Urban Habitat Stewardship Project

The Naturescape sub-committee of the Capital Region Habitat Steering Committee, comprising representatives from Manitoba Conservation, Manitoba Naturalists Society, City of Winnipeg, Environment Canada and Fort Whyte Centre continued working on the Manitoba Naturescape project. The book has information on native species and project ideas to help organizations and individuals transform small urban and rural areas, including backyards, into habitat.

Tall Grass Prairie Preserve

MHHC continued to be a part of the Tall Grass Prairie Preserve Management Committee. Other agencies actively involved in the preserve include Manitoba Conservation, Manitoba Naturalists Society, Environment Canada and Nature Conservancy of Canada. Environment Canada's Habitat Stewardship Program for Species at Risk, Nature Conservancy of Canada, Manitoba Conservation and the Manitoba Naturalists Society supported monitoring and management activities on the preserve. The committee also reviewed the Tall Grass Prairie Preserve Management Board Memorandum of Understanding, which will expire in May 2003, with the aim towards renewing this document for another five years.

Monitoring rare orchids, insects, songbirds, permanent sample plots and management prescriptions continued to be among the key field activities on preserve lands and new acquisitions. Controlled burns were done on several sites to enhance the grassland components. Plant identification signs were installed along the interpretive trail. Grazing demonstration sites were closely monitored because of concerns about invasive species such as red top and potential impacts on small white lady's slippers.

The Nature Conservancy of Canada purchased an additional 320 acres of tall-grass prairie near the centre of the preserve.

The annual Prairie Day was well attended by locals as well as visitors. An education program for four school grades continued to be well-received and included field trips. Guided tours were offered through July and August. Visitors came from 35 Manitoba communities, five other provinces, the Northwest Territories, eight American states, Switzerland and France.

Manitoba Habitat Heritage Corporation Partners:

North American Waterfowl Management Plan

Agriculture Canada (Prairie Farm Rehabilitation Administration)
Ducks Unlimited Canada
Environment Canada-Canadian Wildlife Service
Manitoba Agriculture and Food
Manitoba Conservation
Delta Waterfowl Foundation
Keystone Agricultural Producers
Manitoba Conservation Districts
Nature Conservancy of Canada

Manitoba Agro Woodlot Program

Manitoba Conservation
Sustainable Development Innovations Fund
Agriculture and Agri Food Canada (PFRA)
Manitoba Conservation Districts
Local wildlife and farm conservation organizations
Woodlot Association of Manitoba
Manitoba Forestry Association
Manitoba Hydro

Riparian Health Initiative

The Manitoba Cattle Producers Association
Keystone Agricultural Producers
Manitoba Agriculture and Food
Prairie Farm Rehabilitation Administration
Manitoba Conservation (Fisheries, Wildlife and Water Resources)
Manitoba Conservation Districts
Manitoba Forage Council
Manitoba Department of Finance
Fisheries and Oceans Canada
Environment Canada
Ducks Unlimited Canada
Nature Conservancy of Canada

Critical Wildlife Habitat Program

Manitoba Conservation
Manitoba Naturalists Society
Nature Conservancy of Canada
Wildlife Habitat Canada
World Wildlife Fund
Environment Canada - Canadian Wildlife Service

Manitoba Habitat Heritage Corporation Offices

FIELD OFFICES:

Killarney	203 South Railway St. E Box 1779 Killarney, MB R0K 1G0 (204) 523-5522
Minnedosa	214 Main Street Box 1044 Minnedosa, MB R0J 1E0 (204) 867-6032
Reston	Hwy #2 Box 189 Reston, MB R0M 1X0 (204) 877-3162
Shoal Lake	306 Elm Street Box 28 Shoal Lake, MB R0J 1Z0 (204) 759-4220
Brandon	545 Conservation Drive Brandon, MB R7A 7L8 (204) 729-3501
WINNIPEG OFFICE:	200-1555 St. James Street, R3H 1B5 Phone: (204) 784-4350 Fax: (204) 784-4359 e-mail: mhhc@mhhc.mb.ca
Website:	**www.mhhc.mb.ca**

PRODUCTION NOTES:

The Manitoba Habitat Heritage Corporation's Annual Report is printed on recycled paper with 30% post-consumer fiber. The printing inks are vegetable oil-based.

Please recycle where facilities exist.

The Manitoba Habitat Heritage Corporation

Financial Statements 2002/2003

Manitoba

Responsibility for Financial Reporting

The Manitoba Habitat Heritage Corporation

The management of the Manitoba Habitat Heritage Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the Annual Report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In management's opinion, the financial statements have been properly prepared and of necessity, include some amounts based upon management's best estimate and judgments up to May 16, 2003.

The responsibility of the Auditor General and staff is to express an independent opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The auditors' report outlines the scope of the auditors' examination and provides the audit opinion.

Chief Executive Officer

Manager, Financial Services

May 16, 2002

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba,
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of the Manitoba Habitat Heritage Corporation

We have audited the statement of financial position of The Manitoba Habitat Heritage Corporation as at March 31, 2003 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 16, 2003

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position
as at March 31, 2003
(with comparative figures for 2002)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Riparian Stewardship Program	Capital Assets	2003	2002
ASSETS						
Current						
Cash	$135,530	$154,240	$41,771		$331,541	$271,390
Funds on deposit with Province of Manitoba		50,656	250,669		301,325	656,803
Accounts Receivable						
Government of Canada	134,250				134,250	108,464
Province of Manitoba		5,111	316		5,427	2,008
Other	79,520	13,086	25,000		117,606	31,122
Due from North American Waterfowl Management Plan			15,000		15,000	
Due from Manitoba Agro Woodlot Program	1,938				1,938	2,364
Due from Riparian Stewardship Program	38,938				38,938	116
Prepaid expenses	33,427	500			33,927	10,131
	423,603	223,593	332,756		979,952	1,082,398
Capital assets (Note 3)				$2,254,651	2,254,651	1,704,378
					3,234,603	2,786,776
Trust assets (Notes 7a,7b and 7c)					676,568	659,810
	$423,603	$223,593	$332,756	$2,254,651	$3,911,171	$3,446,586
LIABILITIES						
Current						
Accounts payable and accrued liabilities	$80,399	$17,401	$3,366		$101,166	$132,490
Due to North American Waterfowl Management Plan		1,938	38,938		40,876	2,480
Due to Riparian Stewardship Program	15,000				15,000	
Capital lease obligation				$1,668	1,668	2,419
	95,399	19,339	42,304	1,668	158,710	137,389
Deferred contributions (Note 4)	328,204	204,254	290,452		822,910	947,428
Fund balances						
Invested in Capital Assets				$2,252,983	2,252,983	1,701,959
					3,234,603	2,786,776
Trust liabilities (Notes 7a and 7b)					676,568	659,810
	$423,603	$223,593	$332,756	$2,254,651	$3,911,171	$3,446,586

Commitments (Notes 4 and 5)

On behalf of the Board:

Director D. A. Chalmers

Director Jonathan Scarth

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Operations and Changes in Fund Balances for the year ended March 31, 2003 (with comparative figures for 2002)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Riparian Stewardship Program	Capital Assets	2003	2002
REVENUE						
Federal government contributions	$528,500	$14,000	$185,000		$727,500	$588,165
Province of Manitoba contributions	545,588	201,125	53,675		800,388	800,161
Contributed services, Province of Manitoba	62,642	76,963	13,618		153,223	148,293
Donations	737				737	209
Interest income	5,657	4,414	3,308		13,379	13,844
Other	268,761	24,046	51,900		344,707	351,913
Management fees (Note 8)	157,316				157,316	179,649
	1,569,201	320,548	307,501	–	2,197,250	2,082,234
EXPENSES						
Amortization of capital assets				$35,158	35,158	33,136
Service Delivery – Schedule 1	1,121,474				1,121,474	1,139,331
– Schedule 2		313,493			313,493	309,383
– Schedule 3			307,501		307,501	222,998
	1,121,474	313,493	307,501	35,158	1,777,626	1,704,848
Excess (deficiency) of revenue over expenses	447,727	7,055	–	(35,158)	419,624	377,386
Fund balances, beginning of year	–	–	–	1,701,959	1,701,959	1,324,573
Donated land (Note 2b)				131,400	131,400	–
Interfund transfers	(447,727)	(7,055)	–	454,782	–	–
Fund balances, end of year	–	–	–	$2,252,983	$2,252,983	$1,701,959

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Cash Flows for the year ended March 31, 2003 (with comparative figures for 2002)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Riparian Stewardship Program	Capital Assets	2003	2002
Cash from operating activities						
Excess (deficiency) of revenue over expenses	$447,727	$7,055		($35,158)	$419,624	$377,386
Amortization of capital assets				35,158	35,158	33,136
Net change in non-cash working capital	(188,647)	(18,251)	$36,089		(170,809)	(55,839)
Increase (decrease) in deferred contributions	(151,588)	9,745	17,325		(124,518)	258,864
Net cash generated through operating activities	107,492	(1,451)	53,414	–	159,455	613,547
Financing and investing activities						
Purchase of capital assets	–	–	–	(454,782)	(454,782)	(410,522)
Interfund Transfers	(447,727)	(7,055)	0	454,782	–	–
Net increase (decrease) in cash	(340,235)	(8,506)	53,414	–	(295,327)	203,025
Cash and cash equivalents, beginning of year	475,765	213,402	239,026	–	928,193	725,168
Cash and cash equivalents, end of year	$135,530	$204,896	$292,440	$ –	$632,866	$928,193
Cash and cash equivalents consist of :						
Cash	$135,530	$154,240	$41,771	$ –	$331,541	$271,390
Funds on deposit with Province of Manitoba	–	50,656	250,669		301,325	656,803
	$135,530	$204,896	$292,440	$ –	$632,866	$928,193

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements
March 31, 2003

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (MHHC) was established in 1986 as a Crown Corporation under *The Manitoba Habitat Heritage Act*. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations thereof. Donations to the Corporation are tax deductible by the donor pursuant to *The Income Tax Act*, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) **The North American Waterfowl Management Plan (NAWMP)**

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba.

b) **The Manitoba Agro Woodlot Program (MAWP)**

On May 7, 1992 the Corporation signed a memorandum of agreement with Manitoba Department of Natural Resources to deliver the Manitoba Agro Woodlot Program in Southwestern Manitoba. A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) **The Riparian Stewardship Program (formerly The Green Banks Program)**

In January 1994, the Board of Directors of the Corporation directed staff to develop a strategy to deal with protection, restoration and enhancement of riparian habitat in agro-Manitoba. In fiscal year 2002/03, the name of the program was changed to the Riparian Stewardship Program to describe more accurately the program's objectives. A management fee is charged by the Corporation for services provided by NAWMP to this program.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

a) **Revenue Recognition**

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred.

Interest income earned on restricted funds' resources is recognized as revenue of the related restricted fund.

Management fees are recognized as revenue in the year the service is provided.

b) **Capital Assets**

The Capital Asset Fund reports the assets and related amortization of the Corporation's capital assets.

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair value at the date the asset is donated.

Amortization of capital assets is recorded on a straight-line basis over the estimated useful life of the capital asset at the rates indicated below. Amortization expense is recorded in the capital asset fund.

Computer hardware	–	20%
Computer software	–	33%
Equipment	–	10%
Furniture and fixtures	–	10%

c) **Contributed Services**

Services are contributed by the Wildlife and Ecosystem Protection and Forestry Branches of Manitoba Conservation. Contributed services are recorded at cost, which is fair value.

d) **Funds on Deposit with Province of Manitoba**

Funds on deposit are recorded at cost. All funds on deposit have terms of 90 days or less.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2003	Net Book Value 2002
Land and Land use rights	$2,117,923	$ –	$2,117,923	$1,584,911
Computer hardware	193,892	131,049	62,843	56,295
Computer software	37,595	23,515	14,080	9,438
Equipment	104,404	57,163	47,241	43,454
Furniture and fixtures	62,719	50,155	12,564	10,280
Total capital assets	$2,516,533	$261,882	$2,254,651	$1,704,378

4. Deferred Contributions

Deferred contributions reported in the respective funds relate to restricted funding received in the current period that is related to expenses of future periods. Deferred contributions are required for the ongoing future operations of the Corporation as follows:

NAWMP

– $188,717 received from Environment Canada, for purchased Species at Risk Habitat Stewardship Program (SARA) Conservation Agreements, signed with landowners in fiscal year 2002/03. Payment for these Conservation Agreements will be made after filing of the caveats.

– $214,080 committed for purchased NAWMP Conservation Agreements, signed with landowners in 2002/03. Payment for these Conservation Agreements will be made after filing of the caveats.

Riparian Stewardship Program

– $164,279 committed to signed, landowner agreements to cover both capital costs and staff time to complete the projects.

Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	MAWP	Riparian Stewardship	2003	2002
Beginning balance	$479,792	$194,509	$273,127	$947,428	$688,564
Add revenue received	1,620,014	330,293	324,826	2,275,133	–
Less expenditures	(1,771,602)	(320,548)	(307,501)	(2,399,651)	258,864
Expenditures (over) under revenues	(151,588)	9,745	17,325	(124,518)	258,864
Ending balance	$328,204	$204,254	$290,452	$822,910	$947,428

5. Commitments

a) The Corporation leases land for wildlife habitat under NAWMP. Each lease is subject to the condition that sufficient funds are provided by the Province of Manitoba. The future minimum lease payments in the aggregate and for each of the four succeeding years are:

2004	$10,614
2005	9,419
2006	5,596
2007	1,267
Aggregate	$26,896

b) The Corporation leases space under existing leases for two NAWMP field offices. The future minimum lease payments in the aggregate and for each of the two succeeding years are:

2004	$9,200
2005	1,200
Aggregate	$10,400

c) The Corporation leases vehicles and office equipment under NAWMP and MAWP. The future minimum lease payments in the aggregate and for each of the three succeeding years are:

2004	$10,741
2005	7,471
2006	1,908
Aggregate	$20,120

d) The Corporation leases computer equipment in the Winnipeg office. The future minimum lease payments in the aggregate and for each of the next two years are:

2004	$1,126
2005	375
Aggregate	$1,501

e) At March 31, 2003 the Riparian Stewardship Program included several projects in progress. Remaining commitments under these signed agreements total approximately $164,279.

f) At March 31, 2003 the NAWMP Program included funding from Environment Canada, Species at Risk Habitat Stewardship Program (SARA) for the purchase of signed Conservation Agreements. Commitments under these signed conservation agreements total approximately $188,717.

g) At March 31, 2003, the NAWMP Program included several signed, purchased Conservation Agreements, to be paid out upon filing of the caveats. Commitments under these signed conservation agreements total approximately $214,080.

6. Employee Pension Plan

Under the terms of the Corporation's pension plan, employee contributions are matched by the Corporation on a current basis. As a result, there are no unfunded liabilities and no outstanding corporate obligations.

7. Trust Assets/Liabilities

a) The Critical Wildlife Habitat Program (CWHP)

The Corporation is a partner to the CWHP along with the Wildlife and Ecosystem Protection Branch of Manitoba Conservation.

The Corporation holds title, in trust, to a portfolio of land and provides banking and financial services for CWHP funds designated to the Corporation including funds of the Manitoba Forestry/Wildlife Management Project (MFWMP). A management fee is charged by the Corporation for the services provided by NAWMP. Disbursements are made at the direction of the Wildlife and Ecosystem Protection Branch. Grants from the Province of Manitoba flow through the Corporation to this program.

Trust assets held by MHHC on behalf of this program include:

	2003	2002
Land Portfolio	$593,280	$593,280
Cash-CWHP	29,376	48,141
Cash-MFWMP	11,723	11,723
	$634,379	$653,144

b) Manitoba Model Forest Inc. (MBMF)

On March 31, 1997 the Corporation entered into a one year agreement with MBMF to provide banking and financial services to this program. The agreement was subsequently extended for a further period of two years until March 31, 2000. The project was completed in 2003 and the bank account closed.

Trust assets held by MHHC on behalf of this program include:

	2003	2002
Cash	$ —	$6,666

c) Prairie Habitat Joint Venture Advisory Board. (PHJV)

On May 12, 1990 Manitoba officially joined the PHJV Advisory Board. The Board's purpose is to oversee implementation of the NAWMP through a joint venture amoung participating agencies within the prairie provinces. At the beginning of this fiscal year the PHJV agreed to hire a coordinator to assist with the work of the Policy sub-committee and also agreed that the partner agencies would contribute to the costs with MHHC banking the funds.

Trust assets held by MHHC on behalf of this program on March 31, 2003 were: $42,189.

8. Management Fees

The Corporation charges for services provided by NAWMP to other programs as follows:

	2003	[illegible]
MAWP	$8,228	[illegible]
Riparian Stewardship Program	124,437	[illegible]
CWHP	24,651	[illegible]
Other	—	[illegible]
	$157,316	[illegible]

9. Economic Dependence

MHHC is economically dependent on the Province of Manitoba to provide the majority of funding.

10. Public Sector Compensation Disclosure

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totaled $5,900 (2002 - $9,381). In addition, three contract employees received the following amounts in the fiscal year:

	2003	2002
T. Sopuck, Manager of Operations	$62,026	$57,406
K. Teneycke, Habitat Field Manager	$54,360	N/A
A. Wren, Manager, Financial Services	$52,822	N/A

THE MANITOBA HABITAT HERITAGE CORPORATION
NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule 1

Schedule of Expenses for the year ended March 31, 2003 (with comparative figures for 2002)

	2003	2002
EXPENSES		
Habitat activities		
Salaries and benefits	$411,264	$346,965
Managed grazing systems	-	112,625
Field office operations	62,939	64,884
Staff support	74,585	74,310
Nest baskets	22,921	28,934
Land leases	16,558	27,601
Habitat development	10,510	6,699
Taxes	16,022	14,523
	614,799	676,541
Evaluation	13,667	7,000
Communications		
Salaries and benefits	78,894	74,434
Program delivery	30,738	36,130
	109,632	110,564
Program coordination		
Salaries and benefits	204,047	191,123
Rent	44,736	42,701
Office	48,660	46,996
Other	36,877	23,680
Professional fees	22,230	16,315
Board meetings & remuneration	6,299	10,215
Travel	20,527	14,196
	383,376	345,226
TOTAL EXPENSES	**$1,121,474**	**$1,139,331**

THE MANITOBA HABITAT HERITAGE CORPORATION
MANITOBA AGRO WOODLOT PROGRAM

Schedule 2

Schedule of Expenses for the year ended March 31, 2003 (with comparative figures for 2002)

	2003	2002
EXPENSES		
Habitat activities		
Salaries and benefits	$205,209	$185,272
Incentives	7,112	20,680
Travel	33,357	29,367
Office	18,861	17,803
Management fees (Note 8)	7,905	9,072
Rent	7,236	7,236
Other	14,304	21,215
Professional fees	2,594	701
Training workshops	8,931	11,501
Manitoba Model Forest Projects	1,446	–
	306,955	302,847
Communications		
Management fees (Note 8)	323	–
Program delivery	6,215	6,536
	6,538	6,536
TOTAL EXPENSES	$313,493	$309,383

THE MANITOBA HABITAT HERITAGE CORPORATION
RIPARIAN STEWARDSHIP PROGRAM

Schedule 3

Schedule of Expenses for the year ended March 31, 2003
(with comparative figures for 2002)

	2003	2002
EXPENSES		
Riparian Coordination	$55,347	$16,987
Management fees (Note 8)	124,437	127,001
Contributed services	13,618	13,312
Managed grazing systems	97,180	51,038
Other	16,919	14,660
TOTAL EXPENSES	**$307,501**	**$222,998**